Today’s Presenters

Gavin Walker
Chairman
Singer Bangladesh Limited
President & CEO
Singer Asia Limited

MHM Fairoz
Chief Executive Officer
Singer Bangladesh Limited
Company Profile

Industry
Retail and consumer finance
Household consumer durables

Revenue¹
US$115m / BDT9,007m

EBITDA¹
US$12.0m / BDT944m

EBITDA margin¹
10.5%

Net income¹
US$7.0m / BDT546m

Number of retail stores²
374

Number of employees²
1,084

Number of shareholders²
11,549

Shareholder structure²
(Listed on DSE since 1983 & CSE since 2001)

Retail Holdings Bhold B.V. 62.2%
Institutions 9.9%
Retail investors 18.4%
Foreign investors 9.5%

Note:
1. For 12 months ended 31 Dec 2016
2. As at 30 June 2017
3. Held via Retail Holdings Bhold B.V. Details of the group structure are provided in Appendix 1
Key Growth Drivers

1. Robust economic fundamentals
   • Great environment for long-term growth

2. Strong brand and reputation
   • One of the most recognised brands in Bangladesh

3. Extensive product portfolio
   • A leading position in multiple product categories

4. Extensive distribution
   • Largest retail distribution network in Bangladesh

5. Multiple financial services offerings
   • Drives significant footfall to stores
Key Growth Driver 1 - Robust economic fundamentals

Great environment for long-term growth

Population demographics
- Large population
- Increasing MAC\(^1\)

Strong GDP growth rates
- 7.1\(^2\)

Electrification
- Only 60\(^2\)

Low product penetration rates
- Refrigerators 20\(^3\)

Product replacement
- Increasing unit selling prices

Note:
1. Middle & affluent class
2. World Bank
3. Product penetration rates amongst Bangladesh households remains very low in certain product categories (for example; air conditioners 3\(\%\), washing machines 2\(\%\), personal computers 5\(\%\), refrigerators 20\(\%\)) – company estimates
Key Growth Driver 2 - Strong brand and reputation

is one of the most recognised brands in Bangladesh

Exceptional brand awareness
- 112 years in Bangladesh

Brand association
- Trust, quality, service & credit

International
- Aspirational
- Multi-national Company

Corporate Governance
- Winner of corporate governance awards

Strong balance sheet
- AAA long-term credit rating

Notes:
1. Company history is set-out in Appendix 2
2. Awarded annually by ICSB and SAFA
3. Emerging Credit Rating Agency
A leading position in multiple product categories

**Home appliances 71%¹**
- Refrigerators & freezers
- Washing machines
- Air conditioners

**Consumer electronics 21%¹**
- Televisions
- Smart phones/tablets
- Laptops

**Furniture 2%¹**
- Sitting room sets
- Bedroom sets
- Dining room sets

**Sewing machines 5%¹**
- Zig-Zag model
- Straight stitch model

**Others 1%¹**
- Instant power supply
- Voltage stabilizer

**House brands – 90%¹**

**Third-party (including) - 10%¹**

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Note:
1. Based on sale of goods for 12 months ended 31 December 2016
Key Growth Driver 3 – Extensive product portfolio

Margin growth through local manufacturing / Significant capacity increases planned

Refrigerators (Sonlu$^3$)
- 250,000 units capacity

Televisions (TCL$^3$)
- 200,000 units capacity

Air conditioners (Midea / Galanz$^3$)
- 60,000 units capacity

Furniture
- Capacity up to 4% of revenue

Other products
- If duty and transport savings are available

Notes:
1. Current maximum capacity assuming a double shift
2. Of products sold during the 12 months ended 31 December 2016, 28% were manufactured or assembled in house to save duties and transport costs. This is likely to exceed 50% in 2017
3. Technical partners for factory and materials
Key Growth Driver 4 - Extensive distribution

Largest retail distribution network in Bangladesh

- 374 retail stores\(^1\)
  - 2 retail formats
  - +/- 6% sqm growth p.a

- 425 dealers\(^1\)
  - Mom & pop shops
  - Institutions & NGO’s

- E-commerce
  - Cash on delivery
  - Fast delivery

- Country wide after sales network
  - 9 service centers
  - 250+ service agents

- On-line, real-time computer system
  - Fast management information

Note:
1. As at 31 December 2016

Largest retail distribution network in Bangladesh
Main retail format (ave. store size 123 sqm)  

Products:  HCDs, house brands, third-party brands and furniture  

Larger flagship store format (ave. store size 230 sqm)  

Products:  Wider premium range of HCDs and furniture  

Wholesale dealers (ave. store size 100sqm)  

Products:  House brand HCDs  

Total: 354 stores\(^1\)  
Total: 20 stores\(^1\)  
Total: 425 stores\(^1\)  

Notes:  
1. As at 31 December 2016  
2. The retail stores comprise 88%, whilst the wholesale dealers 12% of total sales (for 12 months ended 31 December 2016)
## Key Growth Driver 5 - Multiple financial services offerings

### Drives significant footfall to stores

<table>
<thead>
<tr>
<th>Consumer credit products¹</th>
<th>Financial services (over 54,000 transactions per month²)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hire purchase</strong></td>
<td></td>
</tr>
<tr>
<td>• 67% of retail sales²</td>
<td></td>
</tr>
<tr>
<td>• 133,000 accounts³</td>
<td></td>
</tr>
<tr>
<td>• Over 100 years experience</td>
<td></td>
</tr>
<tr>
<td>• Unique Singer processes¹</td>
<td></td>
</tr>
<tr>
<td>• Low credit default rates¹</td>
<td></td>
</tr>
<tr>
<td>• 94%+ of receivables in advance¹</td>
<td></td>
</tr>
<tr>
<td><strong>Initial Payment</strong></td>
<td><strong>Monthly Payments</strong></td>
</tr>
</tbody>
</table>

#### Consumer protection plans
- Utilities payments (Bill Pay)
- Remittances (Western Union)
- Mobile phone re-loads (Grameen Phone)
- Mobile Money (Bkash)

**Note:**
1. Details of credit granting, monitoring and collection processes are provided in Appendix 3, with details of receivables performance in Appendix 4
2. For the 12 months ended 31 December 2016
3. As at 30 September 2016
Note:
1. Revenue for 12 months ended 31 December 2016
2. General election instability impacted 2009 and 2013, whilst 2015 was affected by civil unrest
Financials – Revenue analysis

2016 Revenue %

- Retail Cash: 28%
- Retail - Singer Plus: 75%
- Retail - Singer Mega: 10%
- Wholesale: 12%
- Retail credit – short-term: 46%
- Retail credit – long-term: 11%
- Interest & other: 3%

Notes:
1. For 12 months ended 31 December 2016
Financials - Profitability ratios

Gross profit and total overheads

Gross profit

Operating expenses

Notes:
1. For 12 months ended 31 December 2016
## Financials – Focus on cost control / increasing ‘share of voice’

### Components of total operating expenses as a % of revenue

<table>
<thead>
<tr>
<th>Category</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee benefits</td>
<td>6.3%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Advertising &amp; promotion</td>
<td>3.6%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Rent and occupancy</td>
<td>2.9%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Royalty</td>
<td>1.5%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Depreciation &amp; amortization</td>
<td>0.8%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Others²</td>
<td>3.6%</td>
<td>3.1%</td>
</tr>
</tbody>
</table>

### Notes:
1. For 12 months ended 31 December 2016
2. Others comprises items such as product guarantee costs, travel and vehicle costs, bad debts and other sundry expenses
Financials - Profitability ratios

EBITDA and net profit

**EBITDA**

- Year: 2015 - 9.6%
- Year: 2016 - 10.5%

**Net profit**

- Year: 2015 - 5.3%
- Year: 2016 - 6.1%

Notes:
1. For 12 months ended 31 December 2016
# Financials - Summary

BDT million (unless otherwise indicated)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income statement</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>9,007</td>
<td>6,911</td>
</tr>
<tr>
<td></td>
<td>30.3%</td>
<td></td>
</tr>
<tr>
<td>Revenue growth (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA(^1)</td>
<td>944</td>
<td>663</td>
</tr>
<tr>
<td>EBITDA growth (%)</td>
<td>42.3%</td>
<td></td>
</tr>
<tr>
<td>Net profit</td>
<td>546</td>
<td>369</td>
</tr>
<tr>
<td>Net profit margin (%)</td>
<td>6.1%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Net profit growth (%)</td>
<td></td>
<td>48.2%</td>
</tr>
<tr>
<td><strong>Balance sheet</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>152</td>
<td>104</td>
</tr>
<tr>
<td>Total trade receivables - net</td>
<td>1,538</td>
<td>1,042</td>
</tr>
<tr>
<td>Total interest bearing borrowings</td>
<td>1,131</td>
<td>19</td>
</tr>
<tr>
<td>Shareholder's equity</td>
<td>1,947</td>
<td>1,417</td>
</tr>
<tr>
<td>Debt to equity ratio (times)</td>
<td>0.6</td>
<td>0.0</td>
</tr>
</tbody>
</table>

**Notes:**

1. EBITDA calculated as net operating profit plus depreciation and amortization
2. Information for the 12 months ended / or as at 31 December 2016
Regular dividend flow

Dividend yield¹ % and dividend per share

Dividend % of net profit

Notes:
1. Based on the share price at 31 December to which the dividend relates
2. Includes cash dividends only
Appendices
Appendix 1 – Group structure

UCL Asia Partners LLP 41.1%

Retail Holdings NV 54.1%

Gavin Walker (Sewko CEO) 4.8%

SEWKO Holdings Limited

100%

SINGER ASIA

62.2%

Singer Bangladesh Limited

83.85%

International Appliances Limited (IAL)

Note:
1. Singer Asia Limited shares in Singer Bangladesh Limited are held via wholly owned intermediate holding companies, with the immediate shareholder being Retail Holdings Bhold B.V.
Appendix 2 – Growing and evolving during 112 years in Bangladesh

1851
- Isaac Merritt Singer founds I.M. Singer & Company (“Singer”) and commences production of sewing machines in the United States

1856
- Singer introduces installment payment plan

1905
- Singer commences operations in Bangladesh

1957
- Singer introduces sale of home appliances to complement sewing machine sales in the Asian markets

1988
- Singer commences television assembly in Bangladesh

2004
- Singer forms Singer Asia to hold Asia interests
- UCL Asia acquires stake of Singer Asia

2005
- Singer introduces an improved credit system and commences expansion of its distribution network
- Introduces third party brands

2007
- First Singer Mega store opens in Bangladesh

2008
- Singer launches new financial services products, including inward remittance, in-store bill payment and mobile phone reload services

2010
- Singer implements new Information systems (SIS)

2012
- Singer commences air conditioner assembling in Bangladesh

2013
- Singer becomes distributor for additional third-party brands

2014
- Singer commences furniture manufacturing in Bangladesh

2016
- Singer commences refrigerator manufacturing in Bangladesh

Single product / single brand – 52 years
Multi-product / single brand – 48 years
Multi-product / multi-brand – 12 years
Appendix 3 - Proven credit approval, monitoring & collections process

Unique features of Singer credit model:

1. Branch managers are commission only
2. Branch manager responsible for uncollectible accounts
3. Collection bonus system
4. Advance payments by customers
5. Branch manager can pay on behalf of customer
6. Security deposit

Credit Life Cycle: a systematic step-by-step approach to managing the credit process

- Approval process
- Monitoring
- Collections

Customer

- Blacklist
- Credit Application, Photo Identification and Two Guarantors
- Credit Bureau
- Point Scoring

Credit Department / Call Center Arrears Follow up

- Multiple Payment Points
- Account Checker / Internal Audit
- Execute Credit Agreement and Welcome Call
- Background Checks And Physical Visits

- Delinquency Letter
- Promise-To-Pay System
- Repossession
- Legal Recourse / Security Deposit Offset
- Monthly Performance Assessment:
  - Credit Dashboards
  - Balanced Scorecards
  - VIP Clubs

Notes:
1. Security deposits as at 31 March 2017 totals BDT191m
Appendix 4 – Low credit default rates

Increasing number of accounts and paying percentage¹

Installment payments in advance¹

Lower arrears % and increased receivables¹

Amounts in advance exceed arrears¹

Note:
1. As at 31 December 2016
## Financials – Summary of Q1 Performance

### BDT million (unless otherwise indicated)

<table>
<thead>
<tr>
<th></th>
<th>Q1 2017</th>
<th>Q1 2016</th>
<th>Q1 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income statement</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>1,771</td>
<td>1,406</td>
<td>1,101</td>
</tr>
<tr>
<td><strong>Revenue growth (%)</strong></td>
<td>25.9%</td>
<td>27.8%</td>
<td></td>
</tr>
<tr>
<td>Gross Profit</td>
<td>502</td>
<td>428</td>
<td>282</td>
</tr>
<tr>
<td><strong>Gross profit margin (%)</strong></td>
<td>28.4%</td>
<td>30.4%</td>
<td>25.6%</td>
</tr>
<tr>
<td>EBITDA(^1)</td>
<td>155</td>
<td>122</td>
<td>40</td>
</tr>
<tr>
<td><strong>Gross profit margin (%)</strong></td>
<td>8.8%</td>
<td>8.7%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Net profit</td>
<td>76</td>
<td>61</td>
<td>(6)</td>
</tr>
<tr>
<td><strong>Net profit margin (%)</strong></td>
<td>4.3%</td>
<td>4.4%</td>
<td>-0.6%</td>
</tr>
<tr>
<td><strong>Net profit growth (%)</strong></td>
<td>23.7%</td>
<td>nm</td>
<td></td>
</tr>
<tr>
<td><strong>Balance sheet</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total interest bearing borrowings</td>
<td>1,700</td>
<td>909</td>
<td>340</td>
</tr>
<tr>
<td>Shareholder’s equity</td>
<td>2,024</td>
<td>1,479</td>
<td>1,522</td>
</tr>
<tr>
<td>Debt to equity ratio (times)</td>
<td>0.84</td>
<td>0.61</td>
<td>0.22</td>
</tr>
</tbody>
</table>

**Notes:**
1. EBITDA calculated as net operating profit plus depreciation and amortization
2. Information for the 3 months ended / or as at 31 March 2017
3. The was a loss in Q1 2015 on account of political unrest and closure of shops due to the prolonged general strikes (hartels)
Thank you